Treasurer's presentation 22 November 2017

<u>Enrolments</u>

August census each year our school numbers (excludes 3 year old Kindy) were:

- 2014 - 455
- 2015 - 463
- 2016 - 459 (of which 404 pre-primary to year 6)
- 2017 - 457 (of which 399 pre-primary to year 6)
- 2018 - 447 prediction (of which 389 pre-primary to year 6)

We will be down a minimum of around 10 kids in the pre-primary to year 6 levels in 2018 and this could be more when we start in 2018.

Challenge is to increase our numbers in the pre-primary to year 6 levels (easier said than done). We also have spots in the Kindy year levels.

Biggest funding value for our school in this bracket (pre-primary to year 6 levels).

Base State and Federal funding for pre-primary to year 6 levels in 2018 is $8,178 per child (State $2,200, Federal $5,978). For Kindy we get about $1,200 per child.

Add to that our full annual tuition fee (excluding levies) the monetary value lost per child is anticipated to be around $10,500 per child in 2018. $105,000 for 10 kids.

Important we maintain and if we can increase the number of enrolments (especially before August each year).

I think the school has done a great job in this area in the past to fill the gaps but it's a challenge in the current environment.

<u>January (are we solvent)</u>

Do we have enough cash in the bank to meet the January expenses (payroll etc..)? In the past sometimes we didn't.

January 2014 we required a bridging loan from CathEd of around 30k odd to meet our January commitments.

January 2015 we required a bridging loan from Cath Ed of around 70k odd to meet our January commitments.

End January 2016 we had cash reserves of around $164k.

End January 2017 we had cash reserves of around $380k

End January 2018 predicting cash reserves of around 406k (depends on how the last few months pan out).

The cash reserves are split over various provision accounts.

The main ones being Buildings, Information Technology and Deferred Maintenance accounts.

It's important we try and build/maintain our cash reserves:

1. To build a reasonable reserve for building works (deposit if you like)
2. To show CathEd we can cover interest and loan repayments to fund major capital works.

The level of borrowings will be dependant on our cash reserves and our ability to pay.

<u>CathEd and Fees</u>

In 2015, our school like every other Catholic school was subject to the Funding Allocation Model.

This model continues today and we are going through the transitional phase at present, until 2023.

Its model we the board and Mark have had various meetings with Cath Ed about recently. (I'll come back to these meetings soon)

The model is based on participation and co-responsibility.

Essentially the model redistributes Government funding across the schools based on:

- School size
- School location
- Socio Economic Surroundings (SES)
- Number of students with special needs (the funding allocation doesn't match the outlay/cost at present, which we have experienced)
- Concentration of indigenous students

CathEd determined due to us being in a higher socio economic area more of our school's funding needed to come from private income - school fees.

So in 2016 we raised our fees by 10% (CathEd recommended level).

In 2017 we kept tuition fees the same, but raised our amenities levy this resulted in school fees going up by between 3 to 5.4% (increase was dependant on how many kids you had coming to the school). The Cath Ed recommendation was 6-8%.
We raised the amenities levy specifically as we knew costs in the amenity space were climbing.

- IT infrastructure and internet access
- Gardens and grounds
- Electricity
- Rates
- Maintenance
- New furniture.

So what is CathEd's recommendation in 2018 as the redistribution process continues.

In 2018 it is estimated the State Government will increase their contribution to schools by 1.25%.

In 2018 the Australian Government will according to CathEd increase their contribution by 1.9%.

Our Government increases won't cover our cost increases (again).

So in 2017 CathEd have recommended Holy Rosary increase their total school fees and charges by 7%.

I mentioned earlier the board and Mark have met CathEd on numerous occasions.

Specifically we were interested in the transitional phasing component of the funding model that is happening at present.

This funding year 2017, Holy Rosary received $123k in transitional funding.

In 2018 the transitional funding will be negative 23k, a turnaround of 146k in lost funding.

Combine this $146,000 loss and the loss of having fewer kids starting in 2018 it's a gap of $250,000. Hence our meetings!!

When we spoke to representatives of CathEd we were advised that Holy Rosary is close to being fully funded which means we no longer need to receive transitional funding.

Fully funded means that the fees we charge or propose to charge for tuition are nearly about right <u>and</u> the money received from the governments is nearly about right.

We argued that being a school that has one of the highest special needs unit we are being penalised (as we are having to wait for fairer funding as we go through these transitional years and will that fairer funding eventuate?)

We presented some arguments and some ‘like school’ data that didn’t have the level of special needs kids we do.

That school was about $618 better off per child in 2017 (based on our 399 kids - 247k better off) and 128k better off in 2018.

Cath Ed suggested due to each school being on different transitional paths you can’t compare figures like we did.

We also suggested we can’t keep raising fees to meet our Socio Economic Surroundings and offer a school that does not have matching facilities and amenities that meets the expectations of higher paying fee parents.

Cath Ed agreed with that point but suggested that is capital development issue not a recurrent income (operational funding) issue.

The Board and the school’s administration are extremely mindful of the need to contain expenditure to limit tuition fee increases.

The increase Mark, Laurie and Mel have crunched out is school fees to rise by 5.9% in 2018 (under the 7% recommendation).

Year on year when you take into account discounts and lower enrolment numbers it results in about a 4.5% increase in tuition revenue in 2018 for the school.

We will continue to meet CathEd over funding (Mark has a meeting tomorrow with Gerry) head of Finance for example.

We also know the funding allocation model will be review in 2018 we have told Cath Ed that we want to be part of that discussion.

We need a better balance and Cath Ed knows that now.

<u>2017 projected result (see presentation)</u>

<u>2018 initial budget (see presentation)</u>

<u>School fee schedule 2018 (see presentation)</u>